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Latin America Review

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LA - Regional

28 September 1979

Declassified
Authority: 43265 By:
Brewer Thompson
Date: 05-11-2015

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PALAR 79-026
28 September 1979

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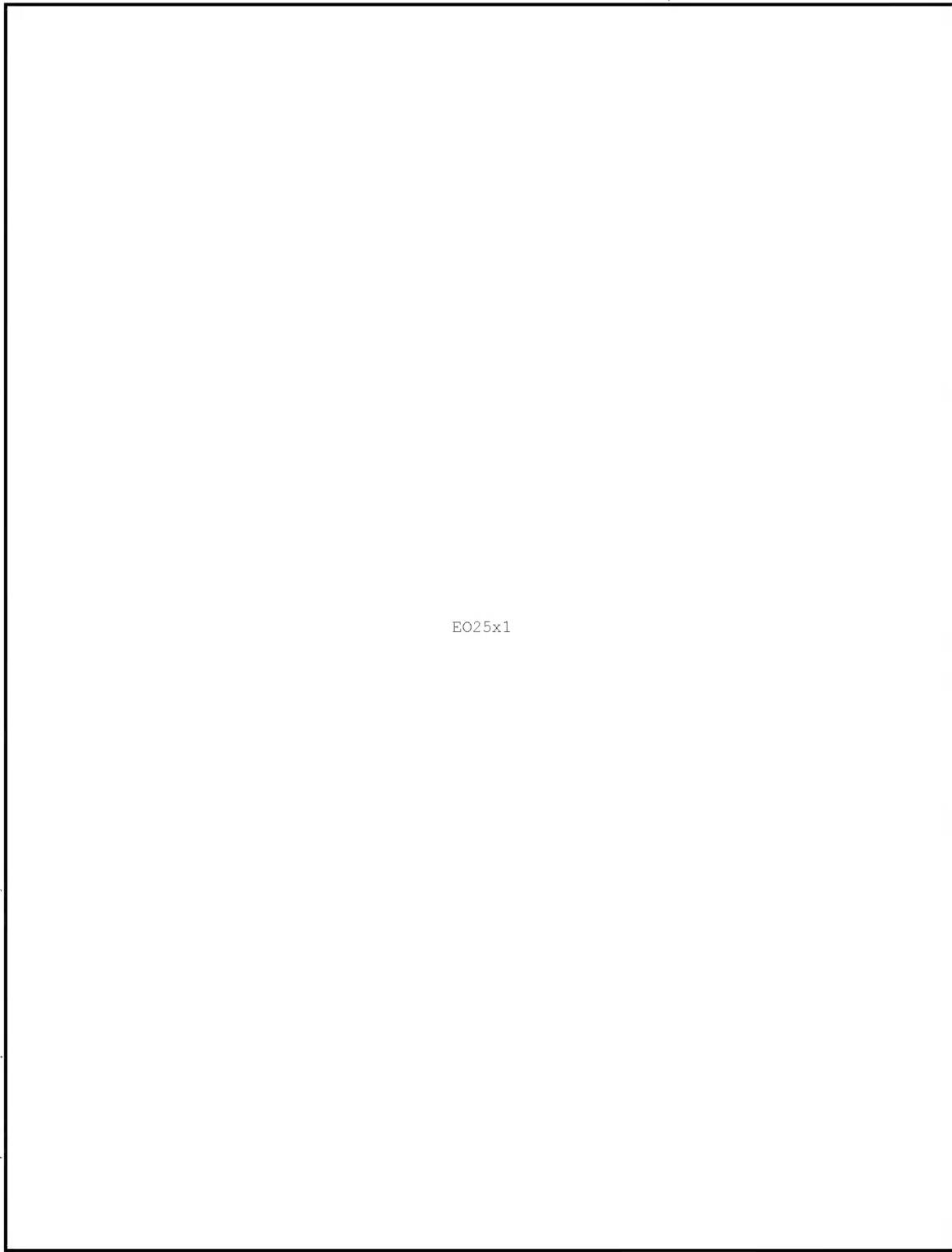
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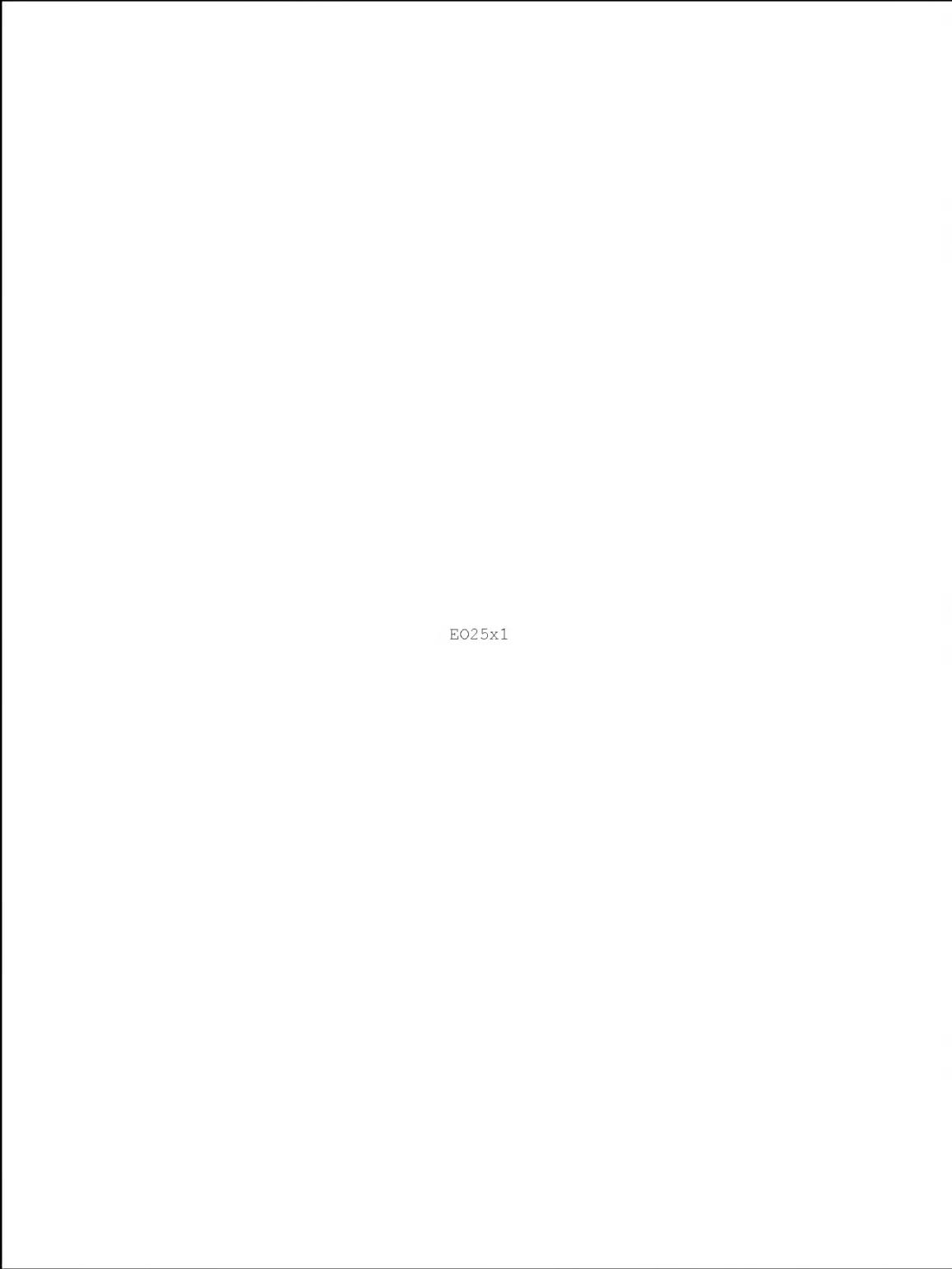
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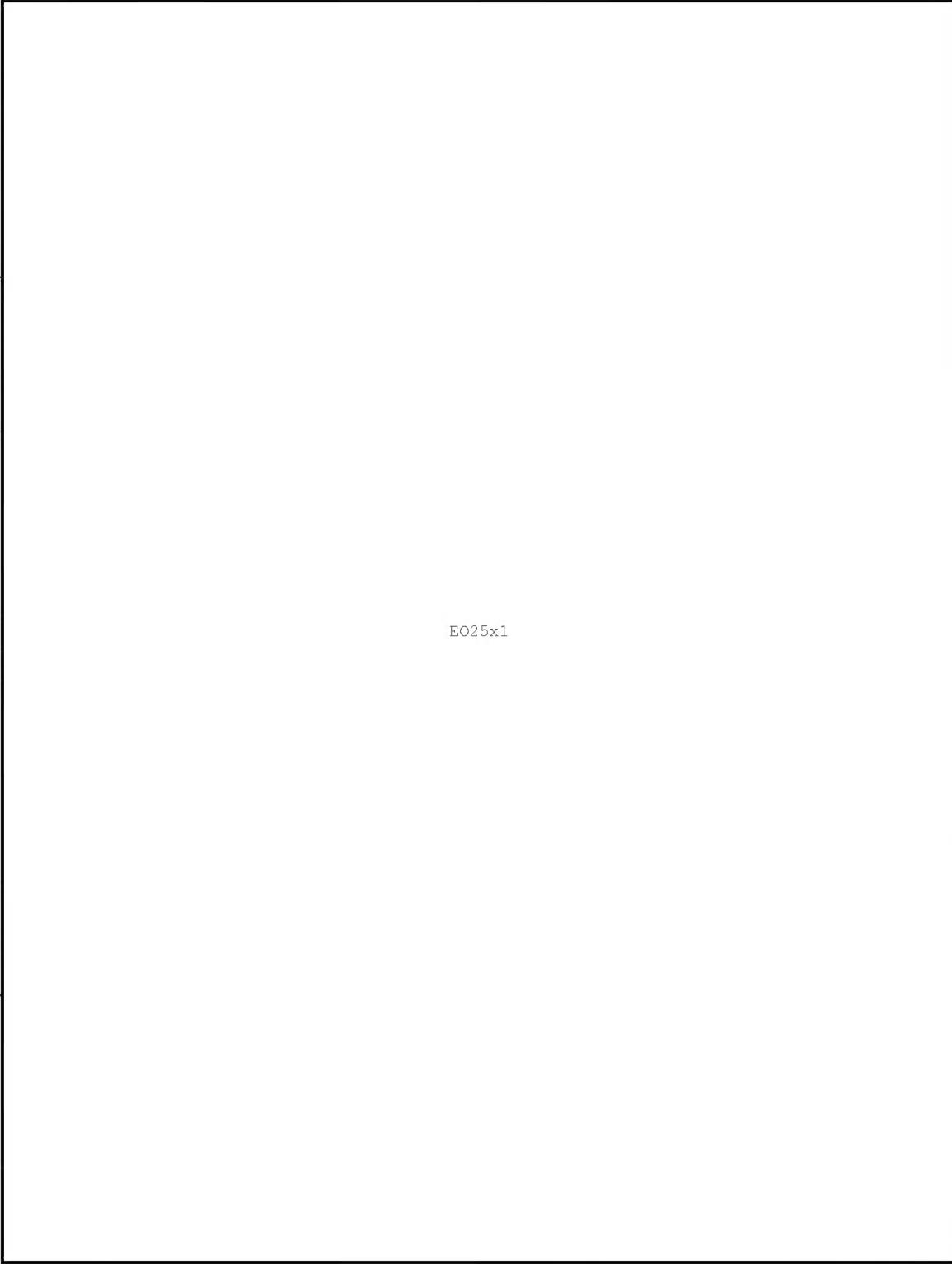
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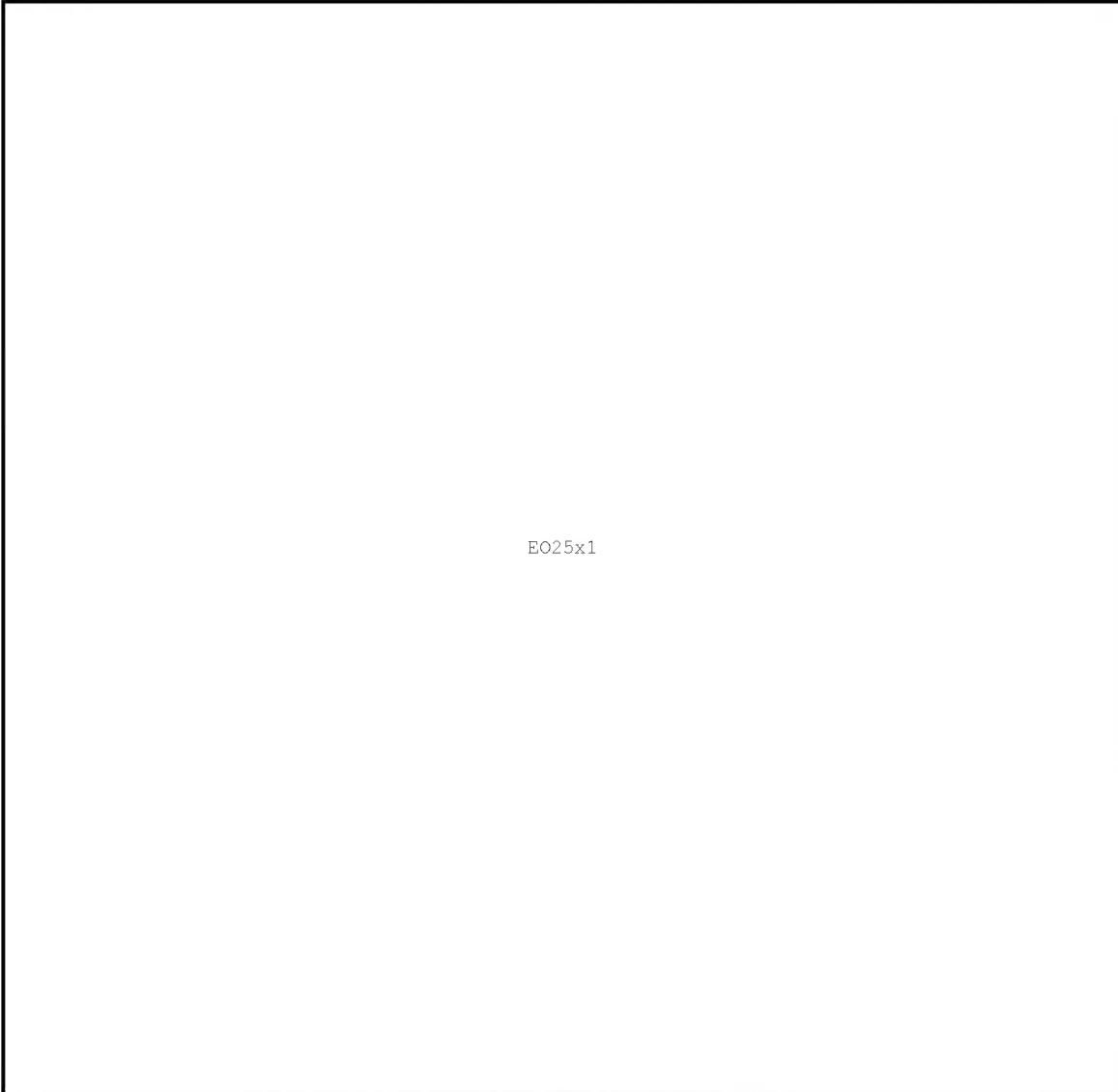
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Panama: President in Jeopardy

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Panamanian President Royo will preside over the Canal Zone transition ceremonies on 1 October, but his continuing efforts to effect a meaningful transfer of political power from National Guard Commandant Torrijos to himself have left him politically isolated and in danger of being ousted from office. Torrijos is in the cat bird seat; although he would probably prefer not to incur the potential political costs of Royo's removal, there is little doubt that he could accomplish the maneuver and even provide a rational pretext. In the meantime, Royo--not Torrijos--draws criticism for the government's domestic policies. The continuing rumors of a government shakeup, and a possible share of government spoils for the opposition, also admirably suits Torrijos's purpose in helping to co-opt his political foes.

Royo has been in a difficult position ever since Torrijos--who was ostensibly "retiring" to the barracks--handpicked him for the presidency a year ago. Foreign affairs was Torrijos's domain and Royo had no domestic constituency. The Cabinet and bureaucracy were staffed largely by holdovers from Torrijos's 1972-78 term as Chief of Government, and Royo faced the likelihood of being circumvented and ignored.

Although a staunch Torrijos loyalist, the former Education Minister has been unable to bridle his own ambition or accept a figurehead role. Royo sought to carve out a power base in the only two areas not already claimed--the then newly formed government political party and the emerging Panamanian bureaucracy that will assume some of the functions of the Canal Zone government after 1 October.

For months, Royo was in the fore of party activities, leading a highly successful registration drive and laying the base for his campaign for the party presidency. These activities brought him into direct conflict with the acting party secretary general, former Vice President González, who was Torrijos's choice for the party leadership.

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The behind-the-scenes wrangling finally ended in late August, when Torrijos directly ordered Royo to drop his candidacy. At this month's party congress, Gonzalez was confirmed as secretary general, and the party presidency was left open for Torrijos.

Royo has similarly maneuvered within the nascent Panama Canal Authority, attempting to install his men in key positions; so far, however, his success has been heavily outweighed by the bureaucratic enmity he has gained. Royo's attempts at empire building have brought him into conflict with Cabinet ministers--most with their own private lines to Torrijos--who are determined to protect their vested interests. More importantly, Royo's efforts are further damaging his relations with the National Guard General Staff, whose members now intend to press Torrijos for the President's resignation next month.

Given Royo's leftist past, the General Staff has never been comfortable with him. Royo exacerbated the problem with anticorruption actions--removing relatives of military men from government payrolls and taking steps to reduce kickbacks--that pinched the National Guard's graft revenue. The Guard also views Royo as indecisive and holds him responsible for the unsettled domestic scene--cost of living demonstrations, sporadic strikes, and dissatisfaction with leftward drifting educational reforms. The military has a natural preference for the situation that prevailed when Torrijos was Chief of Government, the President a nonentity, and lines of authority clear cut. Top officers now plan to ask Torrijos to replace Royo with Vice President de la Espriella after the National Assembly opens on 11 October.

De la Espriella has been attempting to replace Royo almost since the presidential inauguration. The aggressive Vice President--personal friend and financial adviser to Torrijos and former head of the National Bank--has undermined Royo with the General and at the same time has cultivated support from opposition leader and former President Arnulfo Arias. De la Espriella also apparently has a good working relationship with the National Guard and clearly would provide a better bridge to the domestic business community, which remains suspicious of Royo's leftist background.

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Despite this wide array of critics and enemies, Royo's fate turns on the word of one man--Torrijos. Meetings between Royo, the Guard, and Torrijos in late August led to an alleged settlement of differences, but Royo's continued maneuvering in the Canal Authority--in effect directly challenging the Guard's authority even on defense matters--has roiled waters again. This month's three-week-old teachers' strike, which has gathered widening support, has been an added irritant.

Although the General in the past has privately defended Royo,

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Torrijos has demonstrated his ability to force a "resignation" from anyone in government, high or low. While he really does not need the opposition for such a move, it would help provide a face-saving backdrop. Torrijos has long had the notion of forming an all encompassing Mexican-style party and government, and the national accord may fit in with one of his grander, if still vague, schemes.

Even if Torrijos decides to do nothing--and Royo, if he is willing to abandon efforts at an assertive role, can probably still make amends--rumors of a "national accord" serve him well. Torrijos is adept at co-opting the major opposition parties, and the prospect of possibly getting Cabinet posts virtually assures at least passive cooperation from them for the time being.

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Caribbean: Perceptions of the Cuban-Soviet Threat (U)

In sharp contrast to their concerns of the 1960s, most Caribbean governments now see a minimal regional military threat from Cuba and even less from the Soviet Union. Attitudes toward the two Communist nations vary, but most moderate governments favor normalizing relations with Havana, although they remain suspicious of local Cuban activities. The majority, moreover, probably regards the Soviet brigade in Cuba as a US problem, not as a regional security threat. ~~(S)~~

Moderate Majority

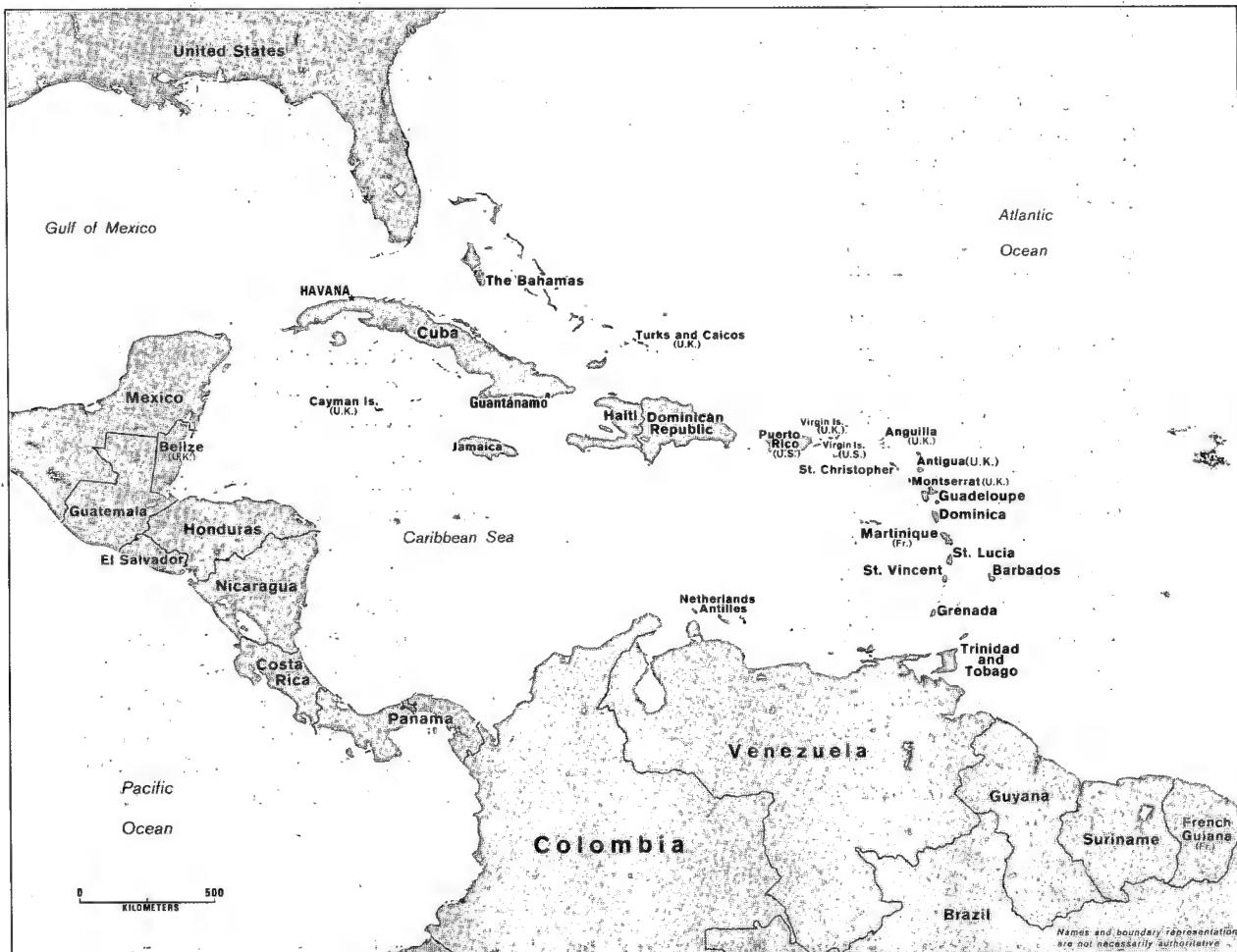
Most Caribbean countries oppose the US economic blockade of Cuba and support the full reintegration of Havana into the regional community. The majority remains sensitive, however, to the potential for a local Cuban presence to boost radical activity among youth-dominated populations. Trinidad and Barbados, which have denounced US efforts to isolate Cuba, have nonetheless consistently refused Cuban requests to establish permanent missions in their capitals. Both influential English-speaking countries oppose Cuban military assistance to Grenada; although Barbadian influence will have less impact, "oil-rich" Trinidad will try to counter rising Cuban influence among the smaller islands with its economic aid program. Neither country perceives the Soviet brigade as a threat to its national interests, however, and therefore will not condemn its presence. ~~(S)~~

The Left

Jamaican Prime Minister Michael Manley is the region's most prominent defender of both Havana and Moscow. He has invited Cuban and Soviet intelligence, the DGI and the KGB, to operate in Jamaica as a counterforce to what he sees as US destabilization efforts against his government. Manley's perception of the United States as a potential threat to left-leaning governments is

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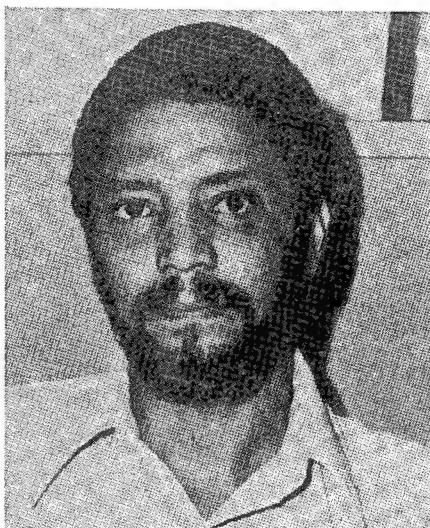
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George Odlum, Unclassified © *
Deputy Prime Minister of Saint Lucia



Maurice Bishop, Unclassified © **
Prime Minister of Grenada

shared by Prime Minister Maurice Bishop of Grenada and apparently by Saint Lucia's de facto national leader, Deputy Prime Minister George Odlum. These leaders would not interpret the presence of Soviet troops in Cuba as a threat to their nation's security. (S)

Guyanese Prime Minister Forbes Burnham has also been friendly to both Cuba and the Soviet Union. Guyana and Jamaica are the only two countries in the region that have exchanged resident missions with Havana and Moscow; Grenada intends to follow suit. Burnham, however, has curbed Soviet and Cuban influence in Guyana, suspecting that both countries favor the increasingly strident leftist opposition to his government. A political realist, Burnham might understand US concern over the Soviet brigade in Cuba but would not publicly express such a view. His own worry about local Soviet and Cuban activities does not extend to the brigade, which he probably sees as a US problem. (S)

*Photo from Call That George, by Augustus Justin.

**Photo from Caribbean Contact, April 1975.

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Hispanola

Because it has long associated Havana with the perennial efforts of Haitian exiles to topple the corrupt, narrowly based Duvalier regime, Haiti's ruling family should demonstrate strong concern over the Soviet presence. Like some of the fast-disappearing "old-guard" leaders of the English-speaking Caribbean, the Haitian Government has historically used the "Cuban threat" as a pretext to isolate its domestic opposition. Similarly, the dominant conservative members of the Dominican Republic's Government will be privately concerned by the Soviet presence, but the majority of the center-left ruling party will support the regional view that the brigade does not constitute a security threat. ~~(S)~~

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Jamaica: Manley Turns Hard Left

Prime Minister Michael Manley has moved dramatically leftward to rally local radicals disenchanted by his longstanding policy concessions to moderates in the ruling People's National Party (PNP). Faced with near-certain defeat in an election that must be held by late 1981, Manley apparently believes that only the radicals--aided by Cuban and Soviet advisers--have the drive and organizational skill to keep him in power after the end of his present term. As the election approaches, Manley is likely to abandon whatever remains of his belief that he can mobilize a working-class or youth-dominated majority to maintain power legally. Chances will increase that the party--at the risk of considerable violence--will attempt to rig the election and impose the fraudulent result by force.

(S)



Manley officially greeted in Moscow last April by Unclassified © *
Aleksey Kosygin, Chairman of USSR Council of Ministers.

*Photo from Sovfoto.

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Manley signaled the hard left turn early this month at the nonaligned summit in Havana and at the subsequent annual conference of his party in Kingston. In his address in Havana on 4 September, Manley was unexpectedly harsh on the United States and dogmatically supported the Cuban-Soviet positions on the issues of the US economic blockade of Cuba, the US naval base at Guantanamo Bay, and Puerto Rican independence. The Prime Minister praised the USSR as the historical forerunner of the nonaligned movement. (U)

The address--which altered Manley's previous stand supporting Puerto Rico's right to choose its status-- boosted the Prime Minister's stock among Jamaican leftists. More important, however, it negated the reassurance he had given Western diplomats and local moderates after his much-touted, but economically disappointing, visit to the Soviet Union in April and, after a subsequent Jamaican-Cuban communique, indicated a leftward shift in Kingston's foreign policy. (S)

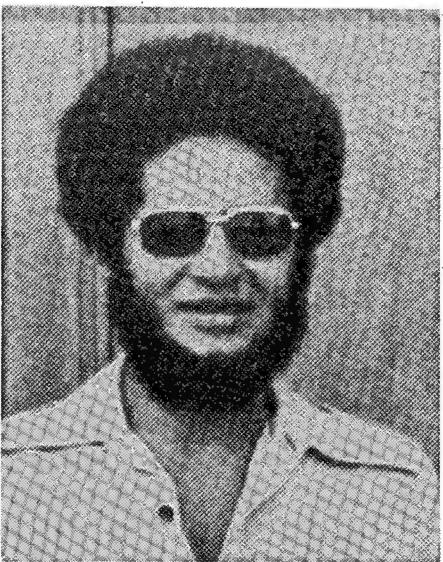
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D. K. Duncan Reemerges

At the annual conference last week of the PNP, Manley--in addition to underscoring his speech in Havana--outmaneuvered party moderates who hoped to block the return of controversial radical D. K. Duncan to the key post of general secretary. Duncan, probably the island's best political organizer, advocates Cuban-style socialism and has close links with the Cuban and Soviet intelligence services. (S)

Duncan, 38, is a US-educated dentist, who was the general secretary of the PNP from 1974 to 1977; he was largely responsible for the party's decisive reelection in 1976. The PNP's dominant but traditionally timid moderates ousted him in September 1977, however, after

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PNP General Unclassified © *
Secretary, D. K. Duncan

Manley agreed to support moderate economic policies that included renewed co-operation with the private sector. The moderates also forced Duncan to resign as Minister of National Mobilization, a post Manley had created for him after the election victory. Duncan, who retained influence after his eclipse because he holds a seat in the Jamaican parliament, will again be a major PNP decisionmaker as another election approaches. (S)

Manley's Domestic Position

The Prime Minister's serious domestic problems stem largely from Jamaica's steady economic decline during his nearly seven years in office. Factors beyond his control have aggravated the deterioration, but most Jamaicans blame his mismanagement. Manley's leftist inclinations and his strong ties to party radicals have alienated the private sector; since 1972, roughly 40 percent of the island's professional class has emigrated. Manley's recent actions leave virtually no hope that he could achieve a reconciliation with the private sector, which now appears to back the opposition party. (S)

Manley's position has slipped even more dramatically since May 1978, when he agreed to austerity measures required for a three-year International Monetary Fund loan. Subsequent devaluations, sharply rising food prices, chronic shortages of consumer goods, and continued high unemployment--now over 30 percent of the labor force--have greatly eroded his working-class power base. (S)

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*Photo from PNP Record Album Cover. (S)

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Against this background, Manley apparently has concluded that the traditional moderate course of his government will lead to his defeat. He recently told a five-man delegation of prominent PNP moderates that they were fools if they envisioned any politically beneficial economic progress before 1981. Reelection, he stated, would now take priority over economic recovery. ~~(S)~~

Foreign Influence

As he attempts to rebuild his weak party machinery, Manley is receiving clandestine assistance from Cuba and the USSR. Since 1975, Cuba has had close government and party links with Jamaica, and the USSR has gained significant influence during the past year. Both Communist countries have provided advice to party leftists, who have been frustrated in efforts to form grass-roots political organizations. ~~(S)~~

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Prospects

At present, Manley's party is badly disorganized, the moderates who form the party's majority are seriously demoralized, and the action-prone radicals have only recently regrouped in Manley's corner. No evidence suggests that either the Cubans or the Soviets are yet pushing the Prime Minister in any clear direction. ~~(S)~~

Manley will have difficulty implementing an effective strategy against the domestic opposition which, in addition to the business community, includes the

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island's largest and most powerful union that could topple the government at any time; an independent press; and an opposition party that has exposed clandestine Soviet and Cuban involvement in Manley's government and is capable of shutting down the economy and forcing early elections. Jamaica's moderate majority is unsympathetic with Manley's ideological beliefs and remains strongly pro-US. ~~(S)~~

The increasingly effective opposition party, which headed successful islandwide demonstrations against the government last January, staged a smaller scale anti-Cuban protest this week. The private sector and the independent press strongly supported the protesters' demand for the expulsion of Cuban Ambassador Estrada, who last week--in an apparent emotional outburst--publicly expressed Havana's support for Manley's party and its disapproval of the Jamaican opposition. ~~(S)~~

The Prime Minister, who three years ago led a strong anti-US campaign based on false charges of CIA "destabilization," probably believes that he can continue to appease the United States by private reassurances and by exploiting what he sees as a US desire to avoid the hostile relations of 1976. He is prepared, however, to denounce any US action unfavorable to his position as a "return to destabilization." ~~(S)~~ [redacted] EO25x1

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Brazil: The Exiles Return (U)

Former Governors Leonel Brizola and Miguel Arraes this month became the first prominent political exiles to return to Brazil since the limited amnesty was enacted on 28 August. Former Peasant League organizer Francisco Juliao and Brazilian Communist Party (PCB) leader Luiz Carlos Prestes are also expected to return. Of all the returning exiles, only Brizola stands any chance of reemerging as a political force, although a number of factors are likely to constrain him.

Brizola and Arraes enjoyed substantial support in the early 1960s as populist politicians during the turbulent presidency of Joao Goulart. If they are now to play a significant political role, they must re-establish their constituencies and, in the process, compete with a whole new generation of local and regional leaders. Their political futures will also depend largely on the pace of President Figueiredo's liberalization program, the nature of the upcoming political party reorganization, and their own abilities to convey a new, "responsible" image to the military.

Brizola

Brizola's plans have been the subject of intense speculation. So far, his public statements, which even included mild praise of Figueiredo, have been guarded; he is clearly being careful to avoid controversy. For example, because of a bank workers' strike he delayed a planned trip to Porto Alegre. Brizola has, however, asserted his intention to revive the Brazilian Labor Party (PTB), which was dissolved along with all other existing parties by the military government in 1965. In their place, two new parties were established--a majority and an official opposition. Most of the PTB politicians who survived the political purges joined the "opposition" party, which included a broad ideological spectrum.

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Brizola, a firebrand governor and congressman, enraged the military before 1965 with demagogic, nationalistic exhortations to his followers. He briefly engaged in an unsuccessful attempt to foment guerrilla insurgency in his home state of Rio Grande do Sul, allegedly with Cuban financial assistance. When the military took over, he fled to Uruguay but was forced to leave that country in 1977. Until his return home, he divided his time between Portugal and the United States.

The regime's plan to reorganize the party system, though not yet completely formulated, could drastically affect the two existing parties, which may well be superseded by new groupings. If more than one opposition party comes into existence, Brizola might attract sufficient support to lead a rejuvenated PTB. Most of this support would be likely to come from members of the current opposition group, many of whom have already expressed a willingness to join a future PTB. The re-emergence of the PTB could thus help divide the opposition, vindicating those who believe that the government's party reorganization is intended to fragment its political enemies. Should a revived PTB emerge as the sole opposition party, however, it is apt to be plagued by internal strains. Brizola is by no means unopposed within PTB ranks, and has been denounced by another claimant to leadership of the party.

Arraes

Arraes, the leftist governor of Pernambuco until 1964, was jailed briefly in the aftermath of the military takeover and spent most of his exile in Algeria. A skillful politician, he may nonetheless have difficulty regaining his former prominence. The 62-year-old ex-leader has indicated that he will join the opposition party but provides no hint concerning what he hopes to accomplish.

Prestes and Juliao

Prestes's advanced age and long exile in the Soviet Union have put him out of touch with Brazil. Moreover, the PCB, which has been outlawed since 1947, has been unable to attract significant support since the mid-1930s.

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In the present circumstances, the party will remain underground, and its adherents will continue to affiliate with other opposition groups. Juliao, whose influence among the peasantry in the northeast was always overestimated, is not likely to reach even the limited level of prominence he once enjoyed.

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HAITI: The Duvalier regime's concern over possible opposition activity during this month's 22nd anniversary of the family's rule may have prompted a recent clampdown on internal dissent. Haitians see special significance in this year's observance; the number 22 is intertwined with Duvalier family voodoo lore, and some believe this anniversary will be the last. ~~(S)~~

The government halted rhetoric about democratization when the leader of the newly organized Haitian Christian Democratic Party stepped beyond permissible political bounds by organizing a public, antigovernment rally. He was promptly jailed. In a recent newspaper article, a government official clarified the regime's position on political activities, warning against misconstruing Duvalier's "liberalization." He emphasized a one-party system and called for more "responsible" behavior by the media. In response, a leading radio station fired its director and pledged more progovernment broadcasting. ~~(C)~~

Domestic policy under Jean-Claude Duvalier has been uneven and has featured frequent backpedaling--signs of the 28-year-old President's limited authority and of the powerful grip on power of palace conservatives led by his mother. ~~(S)~~

All indications now suggest that political relaxation, even by conservative Haitian standards, will be painstakingly slow. The regime's current anxiety, for example, apparently is all that lies behind its recent representations to several foreign governments alleging an imminent invasion of Haiti by Haitian exiles. Although such plotting has been a pastime for decades among the exiles, no evidence substantiates the government's immediate concern. ~~(S) (SECRET)~~

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